

CA 40N ABLV03
85I56

URB/MUN

URBAN/MUNICIPAL

IMPACT



Report on the Impact
of the Arts on
the Bay Area Economy

IMPACT



Report on the Impact of the Arts on the Bay Area Economy

HAMILTON PUBLIC LIBRARY

OCT 4 1985

GOVERNMENT DOCUMENTS



Funding for this project has been generously
supplied by the Federal Ministry of Employment
and Immigration.



 The Hamilton and Region Arts Council would like to thank the arts and cultural community in Hamilton-Wentworth and Burlington for their participation and cooperation in this project.

Copyright, 1985

Hamilton and Region Arts Council

Employment and Immigration Canada

TABLE OF CONTENTS



Executive Summary	7
Introduction	9
Methodology	11
Results	12

APPENDICES



- A** Economic Impact Survey Questionnaire
used by the Hamilton and Region Arts
Council
 - B** Supplier Survey: Outline and Explanation
 - C** Multiplier: Calculation of Multiplier
Based on Results from Supplier Survey
 - D** Calculations of:
 - Total Expenditure Impact
 - Induced Expenditure Impact
(methodology supplied by OAAG)
- 
- 

1880

1881

1882

1883

1884

**"IF EVER ONE INDUSTRY DESERVED A
NEW EXAMINATION OF ITS NET WORTH,
THE ARTS IS IT."**¹

EXECUTIVE SUMMARY

1. 1,487 cultural events were staged by 61 arts organizations in the past year* in Hamilton-Wentworth and Burlington.

2. A total of \$6.5 million was spent on salaries by arts and cultural organizations in the Bay Area.

3. Arts and cultural organizations in the Bay Area provide a reported 751 jobs; 255 full time, 385 part time and 111 contract positions.

4. 2,459 volunteers participated in various arts organizations contributing an estimated 1,067,004 hours to the arts. This indicates a strong commitment to the arts in the community.

5. The estimated total economic impact of arts and cultural industries in Hamilton-Wentworth and Burlington amounts to \$51 million. Of this, \$39 million are direct expenditures and \$12 million induced expenditures.

***All figures are taken from a survey of 75 arts organizations**

¹ "The Role of the Arts and the Cultural Industries in the Canadian Economy" Canadian Conference of the Arts, 1985, p. 1.

THE NEW YORK PUBLIC LIBRARY
ASTOR LENOX TILDEN FOUNDATION
500 FIFTH AVENUE
NEW YORK 10017

EXECUTIVE SUMMARY

1. The purpose of this study was to determine the effectiveness of the program in the field of the study.

2. A total of 100 subjects were selected for the study.

3. The results of the study showed that the program was effective in the field of the study.

4. The study was conducted in the field of the study.

5. The study was conducted in the field of the study.

6. The study was conducted in the field of the study.

INTRODUCTION



This document reports the findings of a survey conducted by the Hamilton and Region Arts Council to determine the economic impact of the arts and cultural industries on the local economy.

Acknowledged as invaluable in cultural terms, the value of the arts in economic terms is not widely recognized.

A glimpse of the broad picture reveals that compared with all 20 Canadian manufacturing industries, the cultural sector was the largest in terms of employment; sixth largest with respect to wages and salaries (\$2.5 billion) and eleventh largest with revenues totalling \$7.7 billion.¹

Since the economic impact of an industry is gauged not by what it produces, but by what it spends, the total **expenditures** of the arts were examined. These included direct spending, induced spending and the 'ripple effect' of these.

Direct spending is the total amount an organization spends on wages, goods and services.

Induced spending is the amount spent by individuals attending a cultural event in addition to the actual ticket price; such expenses include parking, gasoline, babysitters, restaurant bills etc.



¹ Canada Council, 1981, as quoted in "The Role of the Arts and the Cultural Industries in the Canadian Economy", Canadian Conference of the Arts, 1985, p.5.

The '**ripple effect**' refers to the economic impact which extends beyond the initial expenditures. People who receive wages or earn money from the sale of goods or services also spend their earnings in the local community. This 'ripple effect' stimulates activity in the local economy. The size of the ripple effect is calculated by a **multiplier**, which measures the average propensity to spend income within the community.

METHODOLOGY



Data for this study was collected by a mail survey of arts and cultural organizations in all disciplines. The groups were asked to disclose their expenditures and revenues (including revenue sources) for the last complete fiscal year. They were also asked to provide attendance figures for events held that year, as well as the number of paid staff, and volunteers working for their organization.

The questionnaire was adapted from one developed for the Ontario Association of Art Galleries (OAAG) in co-operation with Ontario Federation of Symphony Orchestras and Toronto Theatre Alliance. (See Appendix A, p.14.)

The multipliers used in the calculation of the Total Expenditure Impact were based on the results of the survey of local suppliers (see Appendix D, p. 20). The method is as described in the OAAG document.¹ For the actual formula used in the calculation of these multipliers refer to Appendix C, p. 19.

The other multipliers used in this report are known as the induced spending co-efficients. These are used to determine the Total Induced Spending Impact. The OAAG estimate indicates that a local person attending a cultural event spends an additional \$2.50 over and above the ticket price and, on average, a person from out of town spends \$7.00. Thus the co-efficients 2.5 and 7.0 are used.



For the method used to calculate **Total Economic Impact** see Appendix D, p. 20.

¹ "Calculating the Economic Impact of Cultural Organizations"
OAAG, 1984, p. 10.

RESULTS

CALCULATED IMPACT

The direct spending impact (including ripple effects) amounts to \$39 million. (See Appendix D, p. 20.)

The induced spending impact (including ripple effects) is \$12 million. (See Appendix D, p. 20.)

The total economic impact is \$51 million.

EXPENDITURES

Total expenditures amounted to \$12 million (as reported by 69 respondents).

\$3 million was spent by arts organizations on local purchases (as reported by 60 organizations).

Almost \$2 million was spent by arts organizations on non-local purchases (as reported by 43 respondents). Over 2/5 of all money spent on goods and services leaves the area.

REVENUES

Municipal and/or regional government grants amounted to \$3 million (27 respondents), while provincial government grants were reported to be \$2.5 million (29 respondents).

\$1.2 million was reported received in federal government grants (18 respondents).

Total box office sales and receipts (reported by 37 respondents) totalled \$3.7 million.

\$3.7 million was reported as the amount gained through fundraising activities (42 respondents).

EMPLOYMENT

Employment was reported as follows:

Administrative Staff

193 full time employees	(30 organizations)
236 part time employees	(26 organizations)

Artistic Staff

62 full time employees	(15 organizations)
146 part time employees	(20 organizations)

An additional 111 contract employees were reported (20 organizations).

A total of 751 jobs are provided by the arts in the Bay Area.

COMMUNITY INVOLVEMENT

1,487 cultural events were staged by 61 organizations in the past year.

2,459 volunteers participated in 42 arts organizations contributing an estimated 1,067,004 hours to the arts (hours totalled from 46 respondents).

44 organizations reported a total membership of 14,000 (the number of individuals belonging to more than 1 group was not estimated).

APPENDIX A

Survey Questionnaire

For Your Most Recent Fiscal Year Could You Give Us:

SECTION A

Please Check
One Answer:

- A1. a. ☐ []
b. ☐ []
c. ☐ []
- A2. a. ☐ []
b. ☐ []
c. ☐ []
- A3. a. ☐ []
b. ☐ []
c. ☐ []
d. ☐ []
e. ☐ []
f. ☐ []
g. ☐ []
h. ☐ []
- y ☐ []
n ☐ []
1. **Residence of your organization**
a. Hamilton
b. Hamilton-Wentworth
c. Burlington
2. **Type of organization**
a. registered charitable arts organization
b. profit-oriented arts organization
c. non-profit, non-government funded arts organization
3. **To what discipline does your organization belong?**
a. Theatre
b. Music
c. Visual Arts
d. Literature
e. Crafts
f. Dance
g. Multi-disciplinary
h. Other
4. **Are you a professional organization?**
Yes
No

Please Enter
the Required
Amount:

SECTION B

Revenue

B1. \$____.00

1. **Total box office sales and receipts received by your organization**

-
2. **Total value of all fees collected** for special courses, subscriptions and any other services provided by your organization B2. \$____.00
3. **Total value of all items sold** by your organization or an affiliate group such as an auxiliary operated gift shop (the costs of these items will be entered as local or non-local purchases in answers B11. or B12.). B3. \$____.00
4. **Fundraising.** All funds received from individuals, foundations, businesses or interests on invested funds. B4. \$____.00
5. **Federal government grants** including job creation programs B5. \$____.00
6. **Provincial government grants** including job creation programs B6. \$____.00
7. **Municipal/regional government grants** B7. \$____.00
8. **Total government grants** (add B5. to B7.) B8. \$____.00
9. **Total revenues** (add B1. to B4. and B8.) B9. \$____.00

Expenditures

10. **Local salaries, fees to artists, performers** directors, all individuals in the same community as your organization, including payments on a per contract basis. Do not include payments to lawyers, carpenters, etc. operating a business separate from your organization (they are suppliers of services and are included in answer B11.). Report gross salaries before all deductions. B10. \$____.00
11. **Local purchases.** All payments to businesses located in the same community as your organization. If payment is made to a local office, the business is considered local. Do not include any payments to local government (eg. rent), which are entered below as taxes. B11. \$____.00
-

- B12. \$____.00 12. **All non-local** expenditures including fees, salaries, and purchases excluded from answers B10. and B11. because they were made to non-local businesses.
- For 13, 14, 15, and 16, **do not** include sales tax
- B13. \$____.00 13. **Federal government taxes**, if applicable
- B14. \$____.00 14. **Provincial government taxes**, if applicable
- B15. \$____.00 15. **Municipal/regional government taxes**, if applicable
- B16. \$____.00 16. **Total government taxes** (add B13. to B15.)
- B17. \$____.00 17. **Total expenditures** (add B10. to B12. and B16.)

Attendance

- B18. _____ 18. **Local attendance.** The number of attendees residing in the same community as your organization. Include audience members, visitors (for art galleries), show opening guests, people attending classes or seminars etc. **Where residence may not be known**, such as with audience members, an estimate of the local/non-local split of the total audience may be required, based perhaps on a **guest book** or a **sample survey**.
- B19. _____ 19. **Non-local attendance.** The balance of your total attendance following answer B18.
- B20. _____ 20. **Total attendance** (add B18. and B19.)

SECTION C

Employment in Organization

- C1. _____ 1. Number of person/years for permanent paid, **full-time administrative** staff
- C2. _____ 2. Number of person/years for permanent paid, **full-time artistic** staff
- C3. _____ 3. Number of person/years for permanent paid, **part-time administrative** staff

4. Number of person/years for permanent paid, **part-time artistic staff** C4. _____

5. Number of person/years for **contract employees** (eg. Job Creation Programs) C5. _____

SECTION D.

Membership of Organization

1. Number of paid-up **individual members** (not students) in your organization D1. _____

2. Number of paid-up **group members** in your organization D2. _____

3. Number of **paying students** enrolled in your organization D3. _____

SECTION E

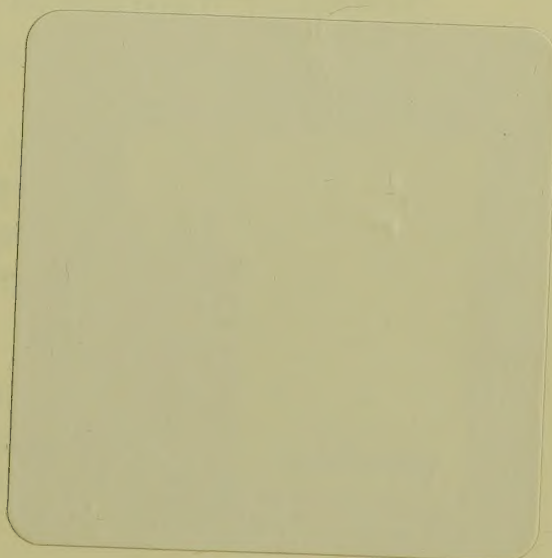
Regular daily-operating arts organization

1. **Average number of events** (eg. plays, exhibits, etc.) **staged in one season** (eg. 2 plays + 1 exhibit = 3 events) E1. _____

2. **Average audience attendance in % per event** E2. _____

3. Number of person/years for **volunteers** E3. _____

4. Total **number of hours** contributed by all **volunteers** E4. _____



APPENDIX B

Supplier Survey: Outline and Explanation

A survey of local suppliers was undertaken in order to determine what percentage of money taken in by these suppliers is re-spent locally. The results of this "sub-survey" were required in order to calculate the multipliers used in the Total Expenditure Impact equation. (The methodology used is as described in the OAAG document.)

The list of suppliers was generated by asking 20 of the largest arts organizations surveyed originally (see Survey Questionnaire, Appendix A, p. 14) to list the following:

- i) their 15 major suppliers;
- ii) location of these suppliers;
- iii) amount of money paid to these businesses for goods and services in the past fiscal year.

14 out of 20 groups surveyed provided a list of suppliers and the dollar values spent. From these a list of approximately 100 local suppliers was drawn up. These suppliers were surveyed by phone and asked to estimate the percentage of their gross revenue spent (in Hamilton-Wentworth or Burlington) on:

- i) salaries;
- ii) municipal taxes;
- iii) locally purchased materials & services
- iv) other major expenditures which do not fit in the categories above.

The total estimate is an **approximate percentage value** of gross revenues spent

locally by one organization. Out of 100 suppliers 18 responded .

The amount of money re-invested locally by each supplier is the total amount paid by arts organizations to this supplier times the supplier's estimate of the % he/she re-spends locally. The sum re-invested locally is then divided by the total paid by arts organizations to suppliers. The quotient 'r' is the 'community's propensity to re-spend locally'.

APPENDIX C

Calculations of i) Total Expenditure Impact ii) Induced Expenditure Impact

This quotient 'r' is used in the calculation of:

i) 'local salaries/fees to artists and performers multiplier' (D)

$$D = \frac{1}{1 - r}$$

ii) 'local purchases multiplier' (E)

$$E = \frac{1}{1 - r} - 1$$

D and E are used in calculation of the **Total Expenditure Impact** (see Appendix D, p. 20).

APPENDIX D

Calculation of Expenditure Impact

Local salaries,
fees to artists and performers

A

(from survey results)

X

Local salaries fees to artists
and performers multiplier

D

(calculated- see Appendix C)

Local purchases

B

(from survey results)

X

Local purchases multiplier

E

(calculated- see Appendix C)

All non-local expenditures

C

(from survey results)

X

All non-local
expenditures multiplier

F

(supplied by OAAG)

Calculation of Induced Spending Impact

Local attendance

L

(from survey results)

X

Local attendance
coefficient

N

(supplied by OAAG)

Non-local attendance

M

(from survey results)

X

Non-local attendance
coefficient

P

(supplied by OAAG)

$$\begin{array}{rcl}
 \begin{array}{l} \text{---} \\ \text{---} \end{array} & \begin{array}{l} = \\ + \\ = \\ + \end{array} & \begin{array}{l} G \\ H \\ J \end{array} \\
 & \left. \vphantom{\begin{array}{l} \text{---} \\ \text{---} \end{array}} \right\} & \\
 & = & K \\
 & & \text{TOTAL EXPENDITURE IMPACT} \\
 & & + \\
 & & \left. \vphantom{\begin{array}{l} \text{---} \\ \text{---} \end{array}} \right\} \\
 & & \text{TOTAL ECONOMIC IMPACT} \\
 \\
 \begin{array}{l} \text{---} \\ \text{---} \end{array} & \begin{array}{l} = \\ + \\ = \end{array} & \begin{array}{l} Q \\ R \end{array} \\
 & \left. \vphantom{\begin{array}{l} \text{---} \\ \text{---} \end{array}} \right\} & \\
 & = & S \times T = U \\
 & & \text{TOTAL INDUCED SPENDING IMPACT} \\
 & & \left. \vphantom{\begin{array}{l} \text{---} \\ \text{---} \end{array}} \right\}
 \end{array}$$

Local purchases multiplier
(calculated- see Appendix C)



**Employment and
Immigration Canada**

**Emploi et
Immigration Canada**



Hamilton and Region Arts Council

The Hamilton and Region Arts Council is a charitable organization working in community arts development. The Council gratefully acknowledges the support of its greater metropolitan community and the Ontario Arts Council.

Project staff: Lianne Gour
Dianne Palubski
Gilles Pettigrew

HAMILTON PUBLIC LIBRARY



3 2022 21335310 1



**Employment and
Immigration Canada**

**Emploi et
Immigration Canada**



Hamilton and Region Arts Council